

# TENNESSEE REGULATORY AUTHORITY

Ron Jones, Chairman  
Deborah Taylor Tate, Director  
Pat Miller, Director  
Sara Kyle, Director



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

December 13, 2005

## VIA FACSIMILE AND U.S. MAIL

Brett P. Ferenchak, Esq.  
Swidler Berlin LLP  
3000 K Street N.W.  
Suite 300  
Washington, D.C. 20007

**RE: Southern Digital Network, Inc. d/b/a FDN Communications –  
Notification of *Pro Forma* Corporate Change  
Docket No. 05-00250**

Dear Mr. Ferenchak:

I am writing this letter in response to your request for written verification of the TRA's position regarding the *pro forma* change in corporate structure of Southern Digital Network, Inc. d/b/a FDN Communications ("SDN"). This confirms the position reported to you by members of the Competitive Markets and Policy Division of the Tennessee Regulatory Authority ("Authority"), who provided the TRA's response prior to November 7, 2005 as requested in your letter of September 9, 2005.

Based on the information provided in your letter, it is my understanding that the proposed transaction is simply a *pro forma* corporate restructuring whereby a new holding company, FDN Holdings, LLC, will be inserted between Florida Digital Networks, Inc. ("FDN"), SDN's current parent company, and FDN's owners. FDN will continue to own 100% of the stock of SDN, and the transaction will not impact the ultimate ownership of SDN.

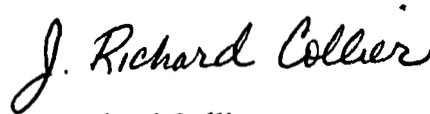
Please be advised that the transaction, as described in your letter, does not warrant Authority approval because it does not involve a transfer of SDN's certificate of public convenience and necessity nor does it involve a lease, merger or consolidation of property, rights and franchises with those of another public utility. For this reason, the Authority is not required to take action regarding this transaction. This conclusion is based solely on the facts as presented in this situation and should not be construed as a statement of general policy regarding the Tennessee Regulatory Authority's jurisdiction to review transactions under Tenn. Code Ann. § 65-4-112 or § 65-4-113.

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In addition, this letter confirms your previous conversation with Authority staff in which you were informed that pursuant to Tenn. Code Ann. § 65-4-109, a certificated public utility must seek Authority approval before engaging in any financing transaction in which Tennessee assets are pledged as security. This requirement may include seeking *nunc pro tunc* approval for a transaction that has closed without Authority approval.

Should you have any questions regarding this letter, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script that reads "J. Richard Collier".

J. Richard Collier  
General Counsel

cc: Ron Jones, Chairman  
Colleen Edwards, Interim Chief of Competitive Markets and Policy Division  
Docket File No. 05-00250